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Governor



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April 4, 2007

The Honorable Helen Sommers
The Honorable Hans Dunshee
House of Representatives
P.O. Box 40600
Olympia, Washington 98504-0600

The Honorable Margarita Prentice
The Honorable Craig Pridemore
State Senate
P.O. Box 40482
Olympia, Washington 98504-0482

Dear Representatives Sommers and Dunshee and Senators Prentice and Pridemore:

I very much appreciate the discussions we are having about the budget and firmly believe that the Legislature will arrive at a final budget that reflects our common goals. Please know that I look forward to discussing these issues with you further, and that my fiscal and policy staff are available to help find ways to reach mutually agreeable results in these important areas.

Constitutional Rainy Day Fund

The Legislature must send a proposed constitutional amendment to the voters this year that would establish a constitutional Rainy Day Fund. Setting aside a portion of our funds each year into this new fund will help us better prepare for the future. We will not go home without this legislation.

PREFER GOVERNOR'S POSITION

K-12 Professional Development Days

I strongly recommend the \$40 million included in my budget, as well as the budget language for three new professional development days for middle and high school math and science teachers, two new days for intermediary teachers, and five new days for specialized training for one math and one science teacher at each middle school and high school. While the House provides sufficient funding, it does not include the language needed to ensure that all teachers receive full funding for the additional days and to ensure the effective use of the additional time. The Senate funds only the three additional days for middle and high school teachers, but does use my budget language to direct the use of the days.



LASER

My budget proposed \$12.1 million in new funding for LASER. This is an important tool to increasing student achievement in science. The House funds this item at \$9.4 million and the Senate at \$2.2 million.

Financial Watch

The House proposed \$1.8 million for district financial health monitoring system. The Senate budget did not include this item. This system will provide technical support to school districts and provide early public warning about emerging financial issues in school districts.

Tuition Policy

My budget did two things regarding tuition that I believe are critical. These items were recommended by the Washington Learns Steering Committee and embraced by every two and four year institution in the state. First, my proposal froze tuition at the community and technical colleges as an important statement about affordability and predictability. If we want to improve participation in post-secondary education and training, we need to make it clear to non-traditional students that they won't face large tuition and fee increases before completing a program. Second, the institutions kept the revenue they raised through tuition increases. The state provided necessary appropriations to cover enrollment and compensation costs, leaving the institutions free to use tuition to respond to emergent needs – to add sections of critical programs, hire additional staff or retain teachers and researchers. While I understand the interest in directing how tuition dollars are spent, we should not compromise the adaptability and flexibility of our institutions.

DSHS 30-Day Visits

Full funding is needed to hire caseworker staff for 30-day visits in order to improve child safety and comply with federal child welfare requirements for 30-day visits. The department has demonstrated its ability to hire staff on a timely basis. Failure to fund this item will make it difficult to meet federal requirements and the terms of the Braam decision.

Blue Ribbon Commission

The extensive work of the Blue Ribbon Commission identified multiple strategies to improve the health care system in our state. Investments should be made now so that the growth in health care costs can be contained. Funding is provided in the House budget to expand the Puget Sound Health Alliance (\$2 million); the Health Literacy Pilot (\$442,000); and the Chronic Care Initiative training (\$1 million) in the Department of Health. In addition, the funding provided in the Senate budget for the Health Navigator pilot in the Medical Assistance Administration is an important step in addressing health disparities.

Department of Corrections Workload and Training Shortfall

The maintenance level workload step in the budget assumes a lower salary amount and additional phase-in of hiring at Coyote Ridge. This \$10.3 million reduction will limit our ability to respond to the unique challenges of staffing and operating a new institution. In addition, we must ensure that adequate training opportunities are available for new correctional officers.

Statewide Emergency Communication Interoperability

The budget contains only \$3.0 million of the \$13.0 million I proposed for improvements to statewide emergency communications and for the intergovernmental project necessary to support the 2010 Olympic Games. This Interoperable Executive Committee proposal is designed to improve emergency preparedness for all public safety responders in Washington, as well as to respond to emergent needs associated with the 2010 Olympic Games. At a minimum, \$3.3 million would be necessary to support the work related to the 2010 Olympic Games.

Funding Criminal Justice Training Commission Basic Law Enforcement Academy (BLEA)

Neither budget included recent estimates of \$1.435 million for additional BLEA academies to address an increasing wait list for new law enforcement officers statewide. These funds are needed to ensure that our local law enforcement partners are able to maintain a highly trained police force.

Cover All Kids/Pediatric Rate Increase

An aggressive outreach strategy is needed to achieve the expansion of health care coverage for children in our state. The Senate budget proposes expanding coverage to an even greater number of children without the necessary funding for outreach. Additional, finding physicians to serve children on Medicaid is becoming increasingly difficult. A rate increase is needed for those who provide pediatric services. We endorse a revised approach that grants a rate increase on January 1, 2008, for both fee-for-service and managed-care organizations equal to the Uniform Medical Plan.

PREFER HOUSE POSITION

Challenging Schools Bonus

All three budgets assume a \$5,000 bonus for a National Board-certified teacher who teaches in a challenging school. The House provides an additional \$5,000 bonus for teaching math or science in a challenging school. Neither the House nor the Senate allows the bonus to be included in the calculation of pensions.

GET Ready for Math/Science

The Senate budget does not provide funding for GET Ready Math/Science Scholarships, which will provide incentives for students to pursue math and science careers and will be matched by private dollars.

Early Learning Quality Rating and Improvement System

The Senate budget does not fund the implementation of a quality rating and improvement system. Studied and developed over several years, and worked on by Washington Learns and the Early Learning Advisory Council, it is time to implement this project so we can learn from the initial implementation efforts. (Some data system capacity is needed to fully implement.)

DSHS Juvenile Rehabilitation Targeted Case Management

DSHS has been notified that we can no longer claim federal funding for targeted case management for Juvenile Rehabilitation (JR) cases. We need both General Fund-State and local authority to maintain current services and have adequate staffing at institutions. This is an issue for both the supplemental and biennial budgets.

DSHS Mental Health Food Service

Additional food service aides are needed to improve the security of patients and staff at Western State Hospital.

Working Lands

Operating funds of \$200,000-\$300,000 GF-S are needed for the Department of Fish and Wildlife to properly conduct the proposed grazing monitoring program.

Department of Agriculture Administrative/Operational Capacity

The Senate provides \$400,000 GF-S less than provided by the House for the Department of Agriculture to increase its administrative capacity related to contracts and review of other fiscal practices.

Human Resource Management System Upgrade

The \$4 million upgrade for the Human Resource Management System (HRMS) is necessary because the vendor will stop regular support of the current version in December 2008. After December, the vendor will charge more to support the software until they end all support two years later. In addition, \$500,000 is needed to purchase and install HRMS leave processing features (Microsoft Duet) which will allow any employee to use Microsoft Office to request leave, making HRMS easier to use. The Senate leaves this item out of its budget.

PREFER SENATE POSITION

English Language Learners

The Senate provides funding for ELL pilot projects and a study by the Washington State Institute for Public Policy (WSIPP) to study the effectiveness of existing teacher training programs. The House funding level is not adequate for WSIPP to fully study the existing programs.

K-3 Demonstration Projects and WSIPP Study

My budget proposed \$9.5 million for ten demonstration projects and \$600,000 for WSIPP to study them. The House does not fund this item and the Senate provides \$4.1 million for four demonstration projects and \$400,000 for WSIPP to study them. The Senate's four demonstration projects and funding for WSIPP to study them would provide valuable information on effective instructional strategies.

Washington Learns Scholars/College Bound Scholarship

The House budget lacks funding for this program designed to let low- and middle-income middle school students know that if they work hard in school, the state will help them attend college.

Reaching out to students early is critical if the state wants to make progress in increasing post-secondary participation.

Salmon Office

The legislature is expected to pass legislation (SB 5224) retaining the Salmon Office in the Governor's Office. An additional \$500,000 GF-S is needed in the Governor's Office budget for the continued operation of the office. Currently the Senate has funding; the House does not.

Tsunami Evacuation Route Evaluation

The House does not include \$309,000 GF-S requested to evaluate current tsunami evacuation routes on the Washington coast. The recent tsunami in the Solomon Islands reiterates the need for this evaluation.

Statewide Systems Improvements

Two critical projects were not funded in the House budget: the Constituent Relations Management System (\$965,000), which will support both the Governor's Office and other agencies that frequently interact with the general public; and the Roadmap project (\$1.9 million), which moves forward our long-term effort to analyze and improve the state's financial and performance data systems. In recognition of their importance to multiple agencies, both these projects are funded by the Data Processing Revolving Fund.

OTHER CONCERNS

Youth Academy

Neither the House nor the Senate included funding for this \$1.1 million item (OSPI and Military Department). The Washington Youth Academy would provide an alternative school experience for youth at risk of not finishing high school. Without state support in this budget, Washington will lose its place in line for federal funds.

At the request of Congressman Dicks

DSHS Relative Placements

Savings in the foster care caseload are assumed by increasing efforts to identify relatives to serve as caregivers. The Senate budget takes this savings, but does not fund the necessary staff to perform relative searches and conduct home studies. The savings will not be achievable without these resources.

DSHS Community Mental Health Workers

Funds would be provided to improve wages for community mental health workers who deliver direct patient care. I appreciate the progress the House and Senate are making on this issue. However, we need to resolve issues around the use of federal funds for this item.

Agency Billings for Salary Increases

Although the House budget added appropriation authority from the Legal Services Revolving Account, it did not provide the funding for agencies to pay the additional billings that would

result from this increase. We estimate the GF-S cost to be approximately half of the \$3.35 million appropriation from the revolving account. Any salary increases should be fully funded, and charges from central service agencies should be incorporated into the agencies being billed.

Department of Community, Trade and Economic Development Aerospace Coordinator

Although the House budget includes much of the Governor's *Next Washington* initiative, \$400,000 is needed to support the aerospace coordinator in order to maintain and strengthen ties with that sector of the economy. This effort has been a priority of the Speaker.

Priority of Speaker Chopp

LANGUAGE ISSUES ONLY

Temporary Assistance for Needy Families (TANF)

The Senate budget includes a proviso that directs funding for enhancements within the TANF box, which is inconsistent with the concept of the Governor's management of the box.

Puget Sound Citizen Partnership Language

The legislative budgets have proviso language limiting the \$4.5 million (\$2 million Water Quality Account and \$2.5 million Private/Local) "for the education of citizens through attracting and utilizing volunteers to engage in activities that result in environmental benefits." This language needs to be modified to allow the funds to also be used for a broader campaign to increase public awareness on Puget Sound issues.

Office of Minority and Women's Business Enterprise 2007 Supplemental Proviso

A 2007 supplemental budget issue arises if the legislature does not remove the 2007 supplemental budget proviso that directs that a portion of the appropriation be funded by \$180,000 in grants. Even though the agency has not been able to raise the grants they still need the \$180,000 in appropriation authority that was set aside for these grants. Removing this proviso will allow the agency to spend the \$180,000 from another revenue source.

Department of Community, Trade and Economic Development Visitor's Guide

The Senate sets aside \$850,000 of a \$1 million proviso to print 250,000 copies of the Washington State Visitor's Guide. This leaves only \$150,000 to implement the public/private tourism partnership created by SSB 5116. This set-aside should be removed from the proviso.

Sincerely,



Chris Gregoire
Governor

cc: The Honorable Frank Chopp
The Honorable Lisa Brown